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Industrial Development Board

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Item 2 (b) of the provisional agenda

FINANCIAL SITUATION OF UNIDO

Proposed payment plan for Azerbaijan

Report by the Director-General

Reports on negotiations for a payment plan with Azerbaijan, in accordance with Board decision IDB.25/Dec.6.

Introduction

1. At its twenty-fifth session, the Board considered the request of Azerbaijan to pay its arrears in instalments, as set out in document IDB.25/8. In its decision IDB.25/Dec.6, the Board authorized the Director-General to negotiate a payment plan with Azerbaijan and requested a report thereon to its twenty-sixth session. This document is presented in compliance with that decision.

I. DRAFT PAYMENT PLAN

2. In a letter to the Director-General dated 19 November 2002 (annex I to the present document), the Permanent Representative of Azerbaijan to UNIDO conveyed the interest of his Government to settle its arrears through a payment plan agreement of a 10-year duration. The draft agreement (annex II) outlines the basic terms of a proposed payment plan.

II. STATUS OF ARREARS AND PAYMENTS MADE

3. The outstanding assessed contributions of Azerbaijan amount to €1,269,247 (details are provided in annex A of the draft payment plan). Since joining the Organization in 1995, Azerbaijan has paid a total amount of $116,700 ($50,000 on 1 October 2001 and $66,700 on 5 July 2000). These amounts do not reflect payment of €129,933 received on 23 October 2002, as the Government wishes to apply this amount to the first instalment once the payment plan is approved.

III. VOTING RIGHTS

4. Article 5.2 of the UNIDO Constitution stipulates that any organ may permit a Member in arrears to vote in that organ if it is satisfied that the failure to pay is due to conditions beyond the control of the Member. Voting rights are governed by the respective rules of procedure

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of the governing bodies (rule 91 of the General Conference, rule 50 of the Industrial Development Board and rule 42 of the Programme and Budget Committee).

5. In its report to the Board, the open-ended discussion group on timely payment of assessed contributions stated: "When considering applications for the restoration of voting rights, the competent body should regularly take into account the state of payments made under an agreed payment plan" (IDB.19/12 and Corr.1, para. 14).

IV. OTHER ORGANIZATIONS

6. Information on the duration of payment plans in other United Nations organizations is contained in document GC.9/9 (chap. IV).

7. **Status of payment of contributions to other organizations**—Out of ten other organizations, Azerbaijan does not have voting right status with the Food and Agriculture Organization (FAO), International Labour Organization (ILO) and World Meteorological Organization (WMO). Two payment plans are in operation, both with a 10-year duration, with the International Telecommunication Union (ITU) since 1999 and with the World Health Organization (WHO) since 2002. Voting rights were restored immediately by the respective Council/Assembly of those organizations. UNESCO restored the voting right upon receipt of payments made during the last three years.

V. ACTION REQUIRED OF THE BOARD

8. The Board may wish to consider the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Recalls the report of the open-ended discussion group on timely payment of assessed contributions (IDB.19/12 and Corr.1), in particular paragraphs 13 and 14;

"(b) Also recalls Board decisions IDB.19/Dec.5 and IDB.25/Dec.6;

"(c) Welcomes the commitment of Azerbaijan to settle its arrears;

"(d) Decides to approve the payment plan negotiated with Azerbaijan as outlined in document IDB.26/..;

"(e) Takes note of the terms of the payment plan and encourages Azerbaijan to pay regularly its instalments in line with the conditions therein;

"(f) ..."

Annex I

COMMUNICATION FROM AZERBAIJAN

Permanent Mission
of the Republic of Azerbaijan
to the International Organizations
in Vienna

No. 1696/16/11

Vienna, 19 November 2002

Excellency,

I have the honor to refer to your letter of 3 June 2002 and to decision IDB.25/Dec.6 adopted by the Industrial Development Board, and to forward to you the amended text of the Agreement between the Government of Azerbaijan and the UNIDO regarding outstanding assessed contributions under a payment plan outlined in document IDB.25/8, annex II.

I would appreciate your conveying the present communication to the attention of the 26th session of the Industrial Development Board for its consideration and relevant action.

I avail myself of this opportunity to renew to you the assurances of my highest consideration.

Sincerely yours,

[*Signed*]

Amb. Vaqif Sadiqov
Permanent Representative

Enclosure

H.E. Mr. Carlos Alfredo MAGARIÑOS,
Director-General,
United Nations Industrial Development Organization,
Vienna

Annex II

**DRAFT AGREEMENT BETWEEN
THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
AND THE GOVERNMENT OF THE REPUBLIC OF AZERBAIJAN
REGARDING OUTSTANDING ASSESSED
CONTRIBUTIONS UNDER A PAYMENT PLAN**

1. The United Nations Industrial Development Organization (hereinafter "UNIDO") and the Government of the Republic of Azerbaijan (hereinafter "the Government") have agreed to a payment plan which will enable the Government to settle its arrears of outstanding assessed contributions in accordance with decision ..... adopted on ..... by ..... .

2. The total outstanding assessed contributions owed by the Government to UNIDO, at the date of this Agreement, is €1,269,247 (arrears of 1993-2002). Details are shown in the attached Annex A and made an integral part hereof. (However, an amount of €129,933 was received on 23 October 2002, which the Government wishes to apply against the first instalment of the approved plan.)

3. The Government undertakes to pay the above amount (€1,269,247), contribution for 2003 (€3,342), as well as future years' assessed contributions (2004 onwards), in instalments over a period of ten years from the date of this Agreement. These amounts are to be transferred to the following UNIDO bank accounts:

(a) Euros: UNIDO EURO Account No.: 0029-05107/00
IBAN No.: AT79 1100 0002 9051 0700
Bank Austria Creditanstalt AG, VIC Branch, A-1400 Vienna, Austria

or

(b) US Dollars*: UNIDO/IDF Account No.: 949-2-416442
JPMorgan Chase, International Agencies Banking, ABA No.: 021 000 021,
1166 Avenue of the Americas, 17th floor, NY 10036-2708, New York, USA

4. The Government undertakes to discharge its payment obligations in accordance with the following schedule of payments, and also undertakes to pay its future assessed contributions in full and on time in accordance with the UNIDO financial regulations:

	Euros		
Payment Date	**Arrears**	**Current Year's Contributions**	**Total**
Within two months after Government ratification of the Agreement	126,925	3,342	130,267***
By 31 May 2004	126,925	**	
By 31 May 2005	126,925	**	
By 31 May 2006	126,925	**	
By 31 May 2007	126,925	**	
By 31 May 2008	126,925	**	
By 31 May 2009	126,925	**	
By 31 May 2010	126,924	**	
By 31 May 2011	126,924	**	
By 31 May 2012	126,924	**	
Total	**1,269,247**		

* *Note*: US dollars will be converted to euros at the prevailing United Nations rate of exchange at the time payment is received.

** Contributions to be determined by the General Conference approval of the scale of assessments and the programme and budgets.

*** Should the plan be approved, the payment of (€129,933) received by UNIDO on 23 October 2002, will be applied against the first instalment.

5. A delay of more than three months by the Government in the payment of each individual instalment due shall be considered as non-compliance with this Agreement and shall be reported to the governing bodies.

6. All communications required under this Agreement shall be in writing and addressed as follows:

For the Government:

For UNIDO: Director and Treasurer, Financial Services Branch,
Division of Administration
P.O. Box 300
A-1400 Vienna, Austria

7. Paragraph 7 to be covered in an addendum to the present document.

For the Government of Azerbaijan:

Name: _____

Functional Title:

At:

On this .....day of ..... 2002.

For the United Nations Industrial Development Organization:

Name: _____

Functional Title:

At:

On this .....day of ..... 2002.

Annex A

United Nations Industrial Development Organization

Contributions to the regular budget for 2002

		Euros
Net UNIDO regular budget requirements for the 2002-2003 biennium in accordance with General Conference decision GC.9/Dec.17		133,689,800
Total assessment for 2002		66,844,900
Level of Working Capital Fund in accordance with General Conference decision GC.9/Dec.13		7,423,030

AZERBAIJAN

Rate of assessment applicable in accordance with General Conference decision GC.9/Dec.10 0.0060%

	Outstanding year(s)	Euros
Regular budget contribution for	**2002**	**4,011**
Credits, if applicable *		(669)
Net regular budget contribution for 2002		3,342
UNPAID PRIOR YEARS		
	1993	117,224
	1994	300,913
	1995	300,913
	1996	156,909
	1997	144,129
	1998	112,956
	1999	112,956
	2000	10,324
	2001	10,324
Working Capital Fund adjustment		(743)
Overpayment from 2001, if applicable		0
Total contribution payable**		**1,269,247**

* Credits arising from distribution of the unencumbered balances of appropriations, income from new Member States and interest income in excess of budgetary estimates (share of Japan) – annex to GC.9/Dec. 10.

** In accordance with financial regulation 5.5(b) of UNIDO, full payments are due within 30 days of receipt of this communication or as of 1 January 2002, whichever is later.

Note: In accordance with General Conference decision GC.9/Dec.15, unpaid prior years' contributions have been converted to euros at the following rates: €1 = ATS 13.7603, and US$1 = €1.123.